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FILED

SEP 12 2016

BUREAU OF REAL ESTATE

By B. Nicholas

7
8 BEFORE THE BUREAU OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of)
12)
13 KAE REAL ESTATE SERVICES and)
14 HELEN HANSEN LIPPITT,)
15 Respondents.)

NO. H-11997 SF

ACCUSATION

16 The Complainant, ROBIN S. TANNER, a Supervising Special Investigator of
17 the State of California, makes this Accusation in her official capacity against KAE REAL
18 ESTATE SERVICES ("KRES") and HELEN HANSEN LIPPITT ("LIPPITT"), (collectively
19 "Respondents"), and is informed and alleges as follows:

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21 At all times herein mentioned, Respondents were and now are licensed and/or
22 have license rights under the Real Estate Law (Part 1 of Division 4 of the Business and
23 Professions Code) ("Code").

24 2

25 At all times herein mentioned, KRES was and now is licensed by the State of
26 California Bureau of Real Estate ("Bureau") as a corporate real estate broker, by and through
27 LIPPITT as designated officer-broker of KRES, to qualify said corporation and to act for
said corporation as a real estate broker.

At all times herein mentioned, LIPPITT was and now is licensed by the Bureau, individually as a real estate broker, and as the designated officer-broker of KRES. As said designated officer-broker, LIPPITT was at all times mentioned herein responsible pursuant to Section 10159.2 of the Code for the supervision of the activities of the officers, agents, real estate licensees, and employees of KRES for which a license is required.

Whenever reference is made in an allegation in this Accusation to an act or omission of KRES, such allegation shall be deemed to mean that the officers, directors, employees, agents and/or real estate licensees employed by or associated with KRES committed such act or omission while engaged in the furtherance of the business or operations of such corporate respondent and while acting within the course and scope of their authority and employment.

At all times herein mentioned, Respondents engaged in the business of, acted in the capacity of, advertised, or assumed to act as real estate brokers wherein, on behalf of others, for compensation or in expectation of compensation within the State of California, within the meaning of Section 10131(b) of the Code, including the operation and conduct of a property management business with the public wherein Respondents leased or rented or offered to lease or rent, or placed for rent, or solicited listings or places for rent, or solicited for prospective tenants, or negotiated the sale, purchase, or exchange of leases on real property or on a business opportunity, or collected rents from real property, or improvements thereon, or from business opportunities.

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2 In so acting as real estate brokers as described in Paragraph 5, above,
3 Respondents accepted or received funds in trust ("trust funds") from or on behalf of tenants,
4 owners, and others in connection with renting and the collection of rents on real property or
5 improvements thereon, and thereafter from time-to-time made disbursements of said funds.
6

7 The aforesaid trust funds accepted or received by Respondents were deposited
8 or caused to be deposited by Respondents into one or more bank accounts maintained by
9 Respondents for the handling of trust funds at the following financial institutions:

- 10 a) First Republic Bank, San Francisco, CA, 94111, account name "KAE Real
11 Estate Services Inc, AAF 15325 Holiday Gardens Apartments LLC, Edin
12 Ventures II LLC (Trust Account)," account number xxxxxxxx7719 ("Trust
13 Account #1");
- 14 b) First Republic Bank, San Francisco, CA, 94111, account name "KAE Real
15 Estate Services Inc, AAF Lynwood Investment Group LLC (Trust Account)," account number xxxxxxxx0340 ("Trust Account #3");
- 16 c) First Republic Bank, San Francisco, CA, 94111, account name "KAE Real
17 Estate Services Inc (Trust Account)," account number xxxxxxxx0921 ("Trust
18 Account #5");
- 19 d) Fremont Bank, San Leandro, CA 94577, account name "KAE Real Estate
20 Services Inc Trust Account for 15325 Holiday Gardens Apartments LLC,"
21 account number xxx6048 ("Trust Account #2");
- 22 e) Fremont Bank, San Leandro, CA 94577, account name "KAE Real Estate
23 Services Inc Trust Account for Lync LLC," account number xxx6234 ("Trust
24 Account #4"); and,
- 25 f) Fremont Bank, San Leandro, CA 94577, account name "KAE Real Estate
26 Services Inc Trust & Property Account," account number xxx6861 ("Trust
27 Account #6").

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2 Between about March 3, 2016, and about April 13, 2016, an audit was
3 conducted of the records of Respondents in connection with the activities described in
4 Paragraphs 5, 6, and 7, above. The auditor herein examined the records for the period
5 between about January 1, 2015, and about January 31, 2016, and found Respondents:

6 a) caused, suffered, or permitted the balance of funds in combined Trust
7 Account #3 and Trust Account #4 to be reduced to an amount, which as of January 31, 2016,
8 was approximately \$4.06 less than the aggregate liability of KRES to all owners of such
9 funds, without the prior written consent of the owners of such funds, in violation of Section
10 10145 of the Code and Section 2832.1 of Chapter 6, Title 10, of the California Code of
11 Regulations ("Regulations");

12 b) caused, suffered, or permitted the balance of funds in combined Trust
13 Account #5 and Trust Account #6 to be reduced to an amount, which as of January 31, 2016,
14 was approximately \$32,426.95 less than the aggregate liability of KRES to all owners of
15 such funds, without the prior written consent of the owners of such funds, in violation of
16 Section 10145 of the Code and Section 2832.1 of the Regulations;

17 c) failed to maintain an adequate control record for Trust Account #5 and
18 Trust Account #6 containing all information required by Section 2831 of the Regulations;

19 d) failed to maintain adequate separate records for each beneficiary or
20 transaction for Trust Account #5 and Trust Account #6 containing all the information
21 required by Section 10145(g) of the Code and Section 2831.1 of the Regulations;

22 e) allowed unlicensed individuals without fidelity bond coverage, Chris P.
23 ("Chris") and Kathy K. ("Kathy"), to be signatories as to Trust Account # 1, Trust Account
24 #2, Trust Account #3, Trust Account #4, Trust Account #5, and Trust Account #6, in
25 violation of Section 2834 of the Regulations; and,

26 f) failed to disclose to the owners of trust funds contained in Trust
27 Account #1, Trust Account #3, and Trust Account #5, in writing, that KRES was engaged in

1 an earnings credit relationship with First Republic Bank, and received resultant earnings
2 credit, in violation of Section 10176(g) of the Code and Section 2830 of the Regulations.

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4 The acts and/or omissions of Respondents as alleged in Paragraph 8, above,
5 constitute grounds for the suspension or revocation of all licenses and license rights of
6 Respondents pursuant to the following provisions of the Code and Regulations:

7 As to Paragraph 8(a), under Section 10145 of the Code in conjunction
8 with Section 2832.1 of the Regulations;

9 As to Paragraph 8 (b), under Section 10145 of the Code in conjunction
10 with Section 2832.1 of the Regulations;

11 As to Paragraph 8(c), under Section 2831 of the Regulations;

12 As to Paragraph 8(d), under Section 10145(g) of the Code and Section
13 2831.1 of the Regulations;

14 As to Paragraph 8(e), under Section 2834 of the Regulations; and,

15 As to Paragraph 8(f), under Section 10176(g) of the Code and Section
16 2830 of the Regulations.

17 COST RECOVERY

18 10

19 Audit Costs

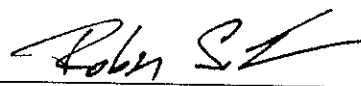
20 The acts and/or omissions of Respondent as alleged above entitle the Bureau
21 to reimbursement of the costs of its audit pursuant to Section 10148(b) of the Code.

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23 Investigation and Enforcement Costs

24 Section 10106 of the Code provides, in pertinent part, that in any order issued
25 in resolution of a disciplinary proceeding before the Bureau, the Commissioner may request
26 the Administrative Law Judge to direct a licensee found to have committed a violation of this
27 part to pay a sum not to exceed the reasonable costs of the investigation and enforcement of
the case.

1 WHEREFORE, Complainant prays that a hearing be conducted on the
2 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
3 disciplinary action against all licenses and license rights of Respondent under the Real Estate
4 Law (Part 1 of Division 4 of the Business and Professions Code), for the cost of the
5 investigation and enforcement as permitted by law, for the cost of the audit as permitted by
6 law, and for such other and further relief as may be proper under other applicable provisions
7 of law.

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9 
10 ROBIN S. TANNER
Supervising Special Investigator

10 Dated at Oakland, California
11 this 6th day of September, 2016.